Fiscal Note 2011 Biennium

GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Bill #	HB0649	**Title:**	Revise amount of tax exempt business equipment
Primary Sponsor:	Cohenour, Jill	**Status:**	As Introduced

- ☐ Significant Local Gov Impact
- ☐ Needs to be included in HB 2
- ☑ Technical Concerns
- ☐ Included in the Executive Budget
- ☐ Significant Long-Term Impacts
- ☑ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2010 Difference	FY 2011 Difference	FY 2012 Difference	FY 2013 Difference
Expenditures:				
General Fund	$4,322,266	$11,772,710	$12,719,750	$12,933,447
Revenue:				
General Fund	($679,917)	($1,827,966)	($1,722,610)	($1,771,765)
State Special Revenue	($56,258)	($153,863)	($160,234)	($166,867)
Net Impact-General Fund Balance:	($5,002,183)	($13,600,676)	($14,442,360)	($14,705,212)

Description of fiscal impact:

This bill raises the class 8 property tax exemption threshold to $150,000. Under current law, the class 8 property of each individual taxpayer with a total class 8 property market value of $20,000 or less (threshold) is exempt from taxation. This bill provides reimbursement to local governments and tax increment financing districts through the entitlement share payment; to local school districts through the school districts block grant program and to the university system. These reimbursements are statutorily appropriated by this bill. Estimated general fund cost for the 2011 biennium is about $18.6 million. Estimated general fund cost for the 2013 biennium is about $29.1 million.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

Reduction in Taxable Value of Class 8 Property

1. The bill amends 15-6-138, MCA (class 8 property). This bill raises the threshold to $150,000 replacing the provision in current law which provides that the class 8 property of each individual taxpayer with a total class 8 property market value of $20,000 (threshold) or less is exempt from taxation. This bill will result in a reduction in revenues for state general fund, the university system, local government, and tax

increment financing districts. Local school district taxpayers will realize an adjustment in mills given the reimbursements and change in property tax value.

2. The $150,000 threshold exemption would begin in tax year (TY) 2010. The impact would start in FY 2010 for personal property of not a lien on real property and in FY 2011 for all other property.
3. In TY 2008 the statewide average consolidated mill levy for class 8 property was 515.93 mills. The average mill for county and other local governments was 414.93 (515.93 – 95.00- 6.00). In TY 2008 local school taxes were collected with a statewide weighted average of 227.64 mills. Other local governing entities levied an average of 187.29 local mills.
4. To calculate revenue impact to local governments and schools the taxable value reduction of class 8 property needs to exclude the taxable value of property in TIF districts.
5. The following table illustrates the effects that the change in the exemption threshold to $150,000 would have had on TY 2008 (FY 2009) market value, taxable value, and estimated tax revenues for the general fund (statewide 95 education mills), the university state special revenue fund (6 mills), tax increment financing districts (TIFs), county and other local government revenues.

HB 649: Change in Class 8 Taxable Value and Revenue
Due to Increased Exemption Threshold if Implemented in TY 2008

	Current Law	Proposed Law	Reduction
Number of Class 8 Taxpayers	18,066	3,739	(14,327)
Impact of Change in Threshold			
Market Value	$5,685,495,953	$4,866,292,351	($819,203,602)
Taxable Value at 3% Tax rate	$163,140,404	$139,634,063	($23,506,341)
Effective Tax Rate	*2.87%*	*2.87%*	
Effect on Taxes Collected			
Taxable Value	$163,140,404	$139,634,063	($23,506,341)
Estimate of taxable value in TIFs	$14,036,395	$12,013,939	($2,022,456)
Taxable Value Net of TIFs	**$149,104,009**	**$127,620,124**	**($21,483,885)**
Statewide Mills			
Estimated 6 Mill Tax (includes TIF property)	$978,842	$837,804	($141,038)
Estimated 95 Mill Tax	$14,291,917	$12,232,644	($2,059,273)
Estimated Total Statewide Mills	**$15,270,759**	**$13,070,448**	**($2,200,311)**
Local mills			
Estimated Local School Tax (227.64 mills)	$33,942,037	$29,051,445	($4,890,592)
Estimated Local Government Tax (187.29 mills)	$27,925,690	$23,901,973	($4,023,717)
Estimated Total Local Mill Tax	**$61,867,726**	**$52,953,418**	**($8,914,308)**
Estimated TIFs tax (503.93 mills)	**$7,073,361**	**$6,090,226**	**($983,134)**
Total Tax	**$84,211,846**	**$72,114,092**	**($12,097,754)**

Increase in Class 12 Property Tax Rate

6. This bill will affect the calculation of the class 12 tax rate in future years. The class 12 (railroad and airline property) tax rate is calculated as the statewide average tax rate for all other commercial and industrial property in the state (classes 4 (commercial), 8, 9, 13, 14, 15, and 16). Class 8 property has the lowest tax rate among the classes of commercial property used in this calculation. Decreasing the amount of class 8 property used in the calculation will result in the tax rate for class 12 being increased.
7. The TY 2008 tax rate for class 12 (railroad and airline) property was 3.44%. Recalculating the tax rate with the reduced market and taxable values under this bill, the tax rate would have been 3.46%
8. No class 12 property is located within tax increment financing districts. Therefore, the impact of the class 12 tax rate change would be limited to the state, local governments, and school district tax revenue.
9. In TY 2008 the statewide average consolidated mill levy for class 12 property was 508.59 mills. The class 12 average mill levies for county and other local governments was 407.59 (508.59 – 95.00- 6.00). In TY 2008 local school taxes made up (231.59 mills) 56.82% of local mill taxes assessed on class 12 property. Other local governing entities made up the remaining 43.18% (176.00 mills) of local mill taxes.
10. The following table shows the effect the increase in the tax rate would have had on TY 2008 (FY 2009) market value, taxable value, and estimated tax revenues for the general fund (statewide 95 education mills), the university state special revenue fund (6 mills), county and other local government revenues:

HB 649: Change in Tax Year 2008 Railroad and Airline Property (Class 12) Taxable Value and Revenue

	Current Law	Proposed Law	Increase
Total Market Value	$1,266,493,553	$1,266,493,553	
Tax rate	3.44%	3.46%	
Total Taxable Value	$43,567,378	$43,820,677	$253,299
Statewide Mills			
Estimated 95 Mill Tax	$4,138,901	$4,162,964	$24,063
Estimated 6 Mill Tax	$261,404	$262,924	$1,520
Estimated Total Statewide Mills	**$4,400,305**	**$4,425,888**	**$25,583**
Estimated Local Tax			
Estimated Local School Tax Mills (231.60 mills)	$10,090,205	$10,148,869	$58,664
Estimated Local Government Tax (176 mills)	$7,667,859	$7,712,439	$44,581
Estimated Total Local Mill Tax	**$17,757,628**	**$17,860,870**	**$103,242**
Total Tax	$22,157,933	$22,286,758	**$128,825**

Increase in Railroad Car Tax Collections

11. Property of railroad car companies (companies other than railroads that own railroad cars) is also class 12 property. All property tax revenue from these companies goes to the state general fund. In TY 2008, the market value for these companies was $108,406,430. Taxable value was $3,729,181 ($108,406,430 x 3.44%). The mill levy applied to this taxable value was 524.79 (statewide average mill levy for commercial property for the previous tax year). Taxes levied on this property were $1,957,037 ($3,729,181 x 524.79 / 1,000). This bill would increase TY 2008 taxable value to $ 3,750,862, an increase of $21,681 ($3,750,862 – $3,729,181). This would increase TY 2008 (FY 2009) state general fund revenues from these companies to $1,968,415, an increase of $11,378 ($1,968,415 - $1,957,037).

Business Tax Revenue Increase

12. With lower property taxes, businesses will have lower property tax expenses to deduct in calculating taxable net revenue. The estimated reduction in net property tax is calculated based on the table in assumption 17 below.
13. Corporations that do business in Montana and other states are required to report their Montana property on their corporation license tax returns. Of this property, 66.65% was reported by corporations that had positive taxable income. It is assumed that the same proportion of total business property is owned by businesses with positive net income.
14. Each calendar year, the reduction in business expenses is half of the reduction in property tax for profitable businesses for the same numbered fiscal year plus half of the reduction for the next fiscal year.
15. The corporation license tax rate is 6.75%. It is assumed that the average marginal tax rate on business income reported on individual income tax returns is also 6.75%.
16. Businesses frequently use the option for an extended deadline for filing tax returns. Because of this, the changes in tax liability will be reported on tax returns filed over the course of the following calendar year, with half of the change coming in the fiscal year including the last half of the tax year and half coming in the next fiscal year. The result is presented in the following table:

HB 649: Estimated Business Tax Revenue Increase

Property Tax Reduction	**TY 2010**	**TY 2011**	**TY 2012**	**TY 2013**
State	(1,631,991)	(2,435,980)	(2,537,354)	(2,642,879)
Local Government	(3,799,183)	(4,479,246)	(4,664,751)	(4,857,861)
Schools	(4,615,410)	(5,439,714)	(5,694,960)	(5,929,674)
TIFs	(933,802)	(1,647,137)	(1,714,670)	(1,173,937)
Reduction in Property Tax	($10,980,386)	($14,002,077)	($14,611,734)	($14,604,352)
Corp Tax Collections	**$246,997**	**$561,965**	**$643,650**	**$657,198**
Fiscal Year Adjustment	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**
Estimated Increase in Corporation Tax	**$123,498**	**$404,481**	**$602,807**	**$650,424**

Projection of State Tax Revenue Impact

17. The HJR 2 (FY 2010 & FY 2011) and Office of Budget and Program Planning (FY 2012 & FY 2013) forecasts for growth of class 8, class 12 and rail car property are presented below. These growth rates are used to project the fiscal impact for FY 2010 through FY 2013.

HJR 2 and OBPP Growth Rates for Property Affected by SB 490

Property Type	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**
Class 8	4.97%	4.97%	4.10%	4.10%
Class 12	0.75%	0.76%	0.00%	0.00%
Rail car tax	5.96%	1.79%	0.50%	0.60%
Weighted Average Growth Rate	4.70%	4.56%	3.68%	3.69%

18. The $150,000 exemption threshold would begin with TY 2010. The impact would start in FY 2010 for personal property not liened to real property (38% of TY 2010 property) , and in FY 2011 for all property
19. These projections are further adjusted for the fiscal year receipt of property tax. Most property taxes are paid in November and May of the fiscal year following assessment. However, under the provisions of 15-

16-119, MCA, owners of personal property that is not liened to real property pay property taxes 30-days after assessments are mailed in March. This means that not liened to real property taxes are paid in the fiscal year they are billed. In TY 2008, class 8 property not liened to real property made up 38% of the total value of class 8 property.

20. Based on preceding tax reduction estimates for FY 2010 and the growth rates above, the following table shows the anticipated reduction in state revenue under HB 649.

HB 649: Net Change in State Tax Revenue

Revenue	FY 2009	Base	FY 2010	FY 2011	FY 2012	FY 2013
General Fund						
Class 8	($2,059,273)	($2,161,619)	($821,415)	($2,269,051)	($2,362,082)	($2,458,928)
Class 12	$24,063	$24,243		$24,428	$24,428	$24,428
Rail Car Tax	$11,378	$11,967		$12,177	$12,238	$12,311
Corporation License Tax	-		$123,498	$404,481	$602,807	$650,424
Balance	($2,023,832)	($2,125,408)	**($697,917)**	**($1,827,966)**	**($1,722,610)**	**($1,771,765)**
State Special Revenue						
Class 8	($141,038)	($148,048)	($56,258)	($155,406)	($161,777)	($168,410)
Class 12	$1,520	$1,531		$1,543	$1,543	$1,543
Total	($139,518)	($146,516)	**($56,258)**	**($153,863)**	**($160,234)**	**($166,867)**

Reimbursements to Local Jurisdictions for the Loss of Class 8 Taxable Value

21. The bill provides reimbursement to local governments, school districts, TIF districts, and the university system for lost TY 2010 property tax revenue, through statutory appropriation
22. For purposes of this fiscal note, it is assumed that these reimbursements will be provided from the general fund. .
23. The bill amends 15-10-420, MCA, to limit local government's ability to increase the number of mills to account for a loss of tax base because of legislative action that is reimbursed.
24. Local government TY 2010 reimbursements would grow by the entitlement share growth rate. These are estimated from executive budget recommendations for the 2011 biennium. For the 2013 biennium, Global Insight projections of state personal income growth and growth of gross state product were used in the entitlement share formula to estimate growth rates. These estimates are presented below:

Projected Entitlement Share Growth Rates

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Bugeted Entitlement Share Payments	$92,332,358	$96,065,109	$100,497,690		
Estimated Growth Rate		4.043%	4.614%	3.852%	2.903%

25. The following table shows the calculation of reductions to and transfers from the state general fund based on the TY 2008 (FY 2009) property tax incomes had this bill been law. These estimates are projected based on HJR 2 growth rates through FY 2011. For FY 2012 onward per section one of the bill reimbursements to local governments and TIF districts grow by the estimated entitlement share growth rates developed in assumption 24 above. University reimbursements are held constant at their TY 2010 (FY 2011) levels. School district reimbursements grow at the school block grant growth rate of 0.76%.

26. The bill provides for the calculation and disbursement of reimbursements for property tax revenue losses for personal property not liened to real property that occur in FY 2010 (38% of class 8 property).
27. Based on preceding calculations, the following table shows reimbursements due to the net change in class 8 and class 12 taxable value.

HB 649: Reimbursements to Local Governments, School Districts TIF Districts and the University System for the Loss of Taxable Value

Reimbursement Jurisdiction	TY 2008	(Base)	FY 2010	FY 2011	FY 2012	FY 2013
Local Governments						
Class 8 Property	$4,023,717	$4,223,696	$1,605,004	$4,433,613		
Class 12 property	($44,581)	($44,915)	$0	($45,256)		
Total		**$4,178,781**	**$1,605,004**	**$4,388,357**	**$4,557,396**	**$4,689,698**
School Districts						
School Block Grant Growth					0.76%	0.76%
Class 8 Property	$4,890,592	$5,133,654	$1,950,789	$5,388,797		
Class 12 property	($58,664)	($59,104)	$0	($59,553)		
Total		**$5,074,550**	**$1,950,789**	**$5,329,243**	**$5,369,746**	**$5,410,556**
The University System						
Class 8 Property	$141,038	$148,048	$56,258	$155,406		
Class 12 property	($1,520)	($1,531)		($1,543)		
Total			**$56,258**	**$153,863**	**$153,863**	**$153,863**
Tax Increment Districts						
Class 8 Property	$983,134	$1,031,996	$392,159	$1,083,286	$0	$0
Class 12 property	$0	$0	$0	$0	$0	$0
Total		**$1,031,996**	**$392,159**	**$1,083,286**	**$1,125,015**	**$1,157,674**
Total Reimbursements			**$4,004,209**	**$10,800,887**	**$11,052,157**	**$11,257,927**

<u>Department of Revenue Administrative Expenses</u>

28. The DOR estimates that 4.00 FTE will be required to administer the provisions of this bill.
29. The Property Assessment Division will require 3.00 FTE (pay band 7) to conduct field audits and other analyses to ensure that all class 8 property is correctly identified with owners for purposes of ensuring that the $150,000 exemption threshold is correctly applied for all class 8 property owners, and that the value of all exemptions is correctly allocated to local governments, TIF districts and schools for purposes of the calculation of reimbursements.
30. The requirement that the reimbursements be separately calculated for personal property liened to real property and personal property not liened to real property also increases workload. DOR estimates that 1.00 FTE will be required by the Tax Policy and Research Bureau for FY 2010 only in order to develop the mechanisms and procedures necessary to ensure that the $150,000 million exemption threshold is correctly applied for all owners, and that the value of all exemptions is correctly allocated to local governments, TIF districts and schools for purposes of the calculation of reimbursements.
31. The Orion computer system will not require enhancements in order to correctly allocate exempted amounts to local governments, TIFs, and schools..

32. Estimated annual taxpayer education costs to ensure compliance are $15,200.
33. The following table summarizes DOR's administrative costs for this bill.

HB 649: Department of Revenue Administrative Costs

	FY2010	FY2011	FY2012	FY2013
FTE	4.00	3.00	3.00	3.00
PAD - three pay band 7	$207,509	$207,509	$207,509	$207,509
TPR - one pay band 6	$56,963	$0	$0	$0
Total Personnel Services	**$264,472**	**$207,509**	**$207,509**	**$207,509**
Operating Expenses - PAD	$21,888	$23,088	$23,088	$23,088
Operating Expenses - TPR	$1,796	$0	$0	$0
Taxpayer Education	$15,200	$15,200	$15,200	$15,200
Total Operating Costs	**$38,884**	**$38,288**	**$38,288**	**$38,288**
Equipment - PAD	$14,700			
Total Equipment	**$14,700**	**$0**	**$0**	**$0**
Total Administrative Costs	**$318,056**	**$245,797**	**$245,797**	**$245,797**

34. This bill repeals 15-1-112, MCA (Business equipment tax rate reduction reimbursement to local government taxing jurisdictions). This reimbursement program ended after TY 2007.

Office of Public Instruction

35. The distribution of the school district block grant under 20-9-630, MCA, is as follows for FY 2009.
    a. School Block Grant – General Fund $44,354,816
    b. School Block Grant – Transportation Fund $1,828,457
    c. School Block Grant – Combined $3,371,943
36. The general fund block grant is 89.51% of the total block grant, the transportation block grant is 3.69%, and the combined block grant is 6.80%.
37. HB 649 proposes to provide a reimbursement to each school district for the loss in taxable valuation associated with increasing the class eight property tax exemption from $20,000 to $150,000 of market value. The reimbursements would begin in FY 2011.
38. If any other legislation passes that affects the taxation of class eight property, the reimbursement will include the effects of the other legislation as well.
39. HB 649 makes the appropriations for the existing school block grants and the additional proposed school block grants into statutory appropriations.
40. The effective date of HB 649 is January 1, 2010. It affects taxable valuations for tax year 2010.
41. The collection of personal property taxes that are not a lien on real property will be reduced in May 2010, thus affecting school district revenue collections beginning in FY 2010. OPI is required to provide the first reimbursement payment to school districts by June 15, 2010, for the decreased revenues not a lien on real property. OPI will distribute the proposed reimbursement to the three types of block grants based upon the number of mills levied in FY 2010 in each school district fund times the change in taxable valuation in personal property that is not a lien on real property.

42. In FY 2011, OPI, in consultation with the Department of Revenue, will need to provide school districts with estimates of the personal property tax reimbursements for school districts to complete their budgets in August of 2010 for FY 2011. OPI will not calculate of the actual reimbursements until it receives school district budgets in September. The reimbursements for FY 2011 will be based on the change in taxable valuation (resulting from HB 649) times the number of mills levied in FY 2011.
43. In FY 2011 and beyond, OPI will distribute the property tax reimbursements in November and May in accordance with 20-9-630, MCA. OPI will allocate the reimbursements to the general fund block grant, the transportation block grant, and the combined block grants in a manner that reflects the number of mills levied for school district funds in FY 2011.
44. DOR will calculate and publish a growth proxy for school districts to use in determining their limits for bonded indebtedness.
45. The decrease in property tax values due to exemption of not a lien on real property in FY 2010 does not have a Guaranteed Tax Base Aid (GTB) effect on K-12 schools because GTB would have been determined before the effect of the bill takes place in FY 2010.
46. The reimbursement payments to be made to schools June 15, 2010, for all district funds, approximately $1.5 million, will equal the amount of funding not available to schools in FY 2010 due to the impact of HB 649 and the effects of the class 8 exemptions of not a lien on real property taxes collected in April 2010.
47. HB 649 provides county school levies for all district funds will be reimbursed for the loss in property tax due to the increase in the class 8 property tax threshold in TY 2010 and each subsequent year. There will be a cost to the state general fund of approximately $4.2 million beginning in FY 2011 growing by 0.76% each subsequent year.
48. Countywide retirement GTB will increase $0.71 million based on a historical average of 28% of the costs paid by the state and FY 2009 county levies equal to $65.1 million (0.39% decrease in property tax value times $65.1 million local levies times 28% paid by the state).
49. The bill does not specify that counties must deposit the county reimbursement into the retirement fund, so this fiscal note assumes the county would not deposit reimbursements into the retirement fund. Therefore there would be a one-time GTB offset at the county level of $0.71 million.
50. 17-1-508, MCA requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. The following analysis applies to the DOR reimbursements to Local Governments and TIFs, as well as, the OPI administered reimbursements to school districts. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

		YES	NO
a.	The fund or use requires an appropriation.	Yes	
b.	The money is not from a continuing, reliable, and estimable source.		No
c.	The use of the appropriation or the expenditure occurrence is not predictable and reliable.		No
d.	The authority does not exist elsewhere.	Yes	
e.	An alternative appropriation method is not available, practical, or effective.		No
f.	Other than for emergency purposes, it does not appropriate money from the state general fund.		No
g.	The money is dedicated for a specific use.	Yes	
h.	The legislature wishes the activity to be funded on a continual basis.	Yes	
i.	When feasible, an expenditure cap and sunset date are included.		No

	FY 2010 Difference	FY 2011 Difference	FY 2012 Difference	FY 2013 Difference
Fiscal Impact:				
Department of Revenue				
FTE	4.00	3.00	3.00	3.00
Expenditures:				
Personal Services	$264,472	$207,509	$207,509	$207,509
Operating Expenses	$38,884	$38,288	$38,288	$38,288
Equipment	$14,700	$0	$0	$0
Reimbursements:				
Local Governments	$1,605,004	$4,388,357	$4,557,396	$4,689,698
Tax Increment Districts	$392,159	$1,083,286	$1,125,015	$1,157,674
University System (BOR)	$56,258	$153,863	$153,863	$153,863
TOTAL Expenditures	$2,371,477	$5,871,303	$6,082,071	$6,247,032
Funding of Expenditures:				
General Fund (01)	$2,371,477	$5,871,303	$6,082,071	$6,247,032
Revenues:				
General Fund (01)	($679,917)	($1,827,966)	($1,722,610)	($1,771,765)
State Special Revenue (02)	($56,258)	($153,863)	($160,234)	($166,867)
TOTAL Revenues	($736,175)	($1,981,829)	($1,882,844)	($1,938,632)
Office of Public Instruction:				
Expenditures:				
Reimbursements:				
Local Assistance (General Fund)	$1,368,476	$3,796,840	$5,369,746	$5,410,556
Local Assistance (Other Funds)	$510,956	$1,344,622	$1,354,841	$1,365,138
Local Assistance (GTB)	$0	$572,164	($86,908)	($89,279)
Local Assistance (Co. Retire.)	$71,357	$187,781	$0	$0
TOTAL Expenditures	$1,950,789	$5,901,407	$6,637,679	$6,686,415
Funding of Expenditures:				
General Fund (01)	$1,950,789	$5,901,407	$6,637,679	$6,686,415
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	($5,002,183)	($13,600,676)	($14,442,360)	($14,705,212)
State Special Revenue (02)	($56,258)	($153,863)	($160,234)	($166,867)

Effect on County or Other Local Revenues or Expenditures:

Department of Revenue

1. Counties, Local governments, and TIFs would be reimbursed for the loss of TY 2010 taxable value. To the extent that these reimbursements cover revenue losses, local governments would not be allowed to raise their mill levies to recover revenue reimbursed by this bill. Any future short fall could be made up by raising mills.

<u>Technical Notes:</u>

Department of Revenue

1. The federal 4R Act of 1976 provides the railroads with special protection from discriminatory taxation. The property tax rate for class 12 property (railroads and airlines) a result of the 4R Act. The act allows railroads to bypass the traditional appeal process and take discrimination cases directly to the federal district court. States that have increased commercial property exemptions have faced legal challenges by the railroads with adverse consequences for state and local revenue.
2. Suggested change to new section 1(6), page 4, lines 23 through 27: (6) (a) The department shall, by June 1, 2010, calculate a growth proxy for each local government and school district by <u>dividing the actual taxable value of class eight property in tax year 2009 by the taxable value tax year 2009 recalculated to what it would have been if this bill had been in effect in tax year 2009 and subtracting 1 and rounding this value to three decimal places.</u> ~~converting the percentage difference between each entity's taxable value of class eight property in tax year 2010 and the taxable value of class eight property in tax year 2009 to a decimal equivalent rounded to the nearest one-thousandth of a decimal point~~.

Office of Public Instruction

3. Amendments may be in order for Section 9 to clarify that OPI must allocate the reimbursements to the general fund block grant, the transportation fund block grant and the combined block grant. Without this clarification, some may interpret the proposed language to mean that districts have full discretion to decide into which fund the reimbursement is to be deposited.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*